

however, to the disbursement of all moneys at any time held in the 2002-D Construction Fund for application in accordance with the provisions of this Seventh Supplemental Indenture.

Section 5.4 Debt Service Fund Deposits Referable to Series 2002-D Warrants. In order to provide funds for the payment of the principal of and the interest on the Series 2002-D Warrants, there shall be transferred or paid into the Debt Service Fund, out of moneys held in the Revenue Account (subject to the effect of the provisions of the last paragraph of this section), the following amounts at the following times:

(1) on or before February 1, 2003, and on or before each February 1 and August 1 thereafter until and including February 1, 2042, an amount equal to the interest becoming due with respect to the then outstanding Series 2002-D Warrants on each such Interest Payment Date; and

(2) on or before February 1, 2022, and on or before each February 1 thereafter until and including February 1, 2042, an amount equal to the principal amount of Series 2002-D Warrants maturing or required to be redeemed on each such February 1.

Notwithstanding the foregoing, if the total amount of principal of and interest on the Parity Securities becoming due and payable on any Interest Payment Date is greater than the amount then held in the Reserve Fund (without taking into account the aggregate amount payable under the Reserve Policy and any Additional Reserve Policy then in effect), then the related transfer or payment into the Debt Service Fund shall be made at least one Business Day prior to such Interest Payment Date.

The Debt Service Fund deposits required by this Section 5.4 shall be in addition to the deposits respecting the Outstanding Parity Securities required by the Original Indenture and by earlier Supplemental Indentures.

There is hereby created as part of the Debt Service Fund a new account, namely, the Series 2002-D Capitalized Interest Account. The Trustee shall be and remain the depository, custodian and disbursing agent for such account. Until all moneys deposited in such account have been spent, on each Interest Payment Date moneys from the Series 2002-D Capitalized Interest Account in an amount equal to the lesser of (a) the amount of interest on the Series 2002-D Warrants becoming due on such date and (b) the total amount then held in such account shall be applied for the payment of the interest then due and payable on the Series 2002-D Warrants. The County hereby directs the Trustee (which direction is hereby acknowledged by the Trustee) to invest the moneys deposited in the Series 2002-D Capitalized Interest Account pursuant to that certain Purchase and Resale Agreement dated as of November 8, 2002, among Wachovia Bank, National Association, the County and the Trustee.

Section 5.5 Book-Entry Procedures Applicable to Series 2002-D Warrants. (a) Except as provided in Section 5.5(c) hereof, the registered owner of all of the Series 2002-D Warrants shall

be The Depository Trust Company ("DTC") and the Series 2002-D Warrants shall be registered in the name of Cede & Co., as nominee of DTC. Payment of semiannual interest for any Series 2002-D Warrant registered as of a Record Date in the name of Cede & Co. shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Date at the address indicated on the Record Date for Cede & Co. in the registry books of the County kept by the Paying Agent.

(b) The Series 2002-D Warrants shall be initially issued in the form of a separate single authenticated fully registered warrant in the principal amount of each separately stated maturity for each separate series. Upon initial issuance, the ownership of each such Series 2002-D Warrant shall be registered in the registry book of the County kept by the Paying Agent in the name of Cede & Co., as nominee of DTC. The Paying Agent and the County may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2002-D Warrants registered in its name for the purposes of payment of the principal or redemption price of or interest on such Series 2002-D Warrants, selecting such Series 2002-D Warrants or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders of Series 2002-D Warrants under the Indenture, registering the transfer of Series 2002-D Warrants, obtaining any consent or other action to be taken by Holders of Series 2002-D Warrants and for all other purposes whatsoever; and neither the Paying Agent nor the County shall be affected by any notice to the contrary. Neither the Paying Agent nor the County shall have any responsibility or obligation to any DTC participant, any Person claiming a beneficial ownership interest in the Series 2002-D Warrants under or through DTC or any DTC participant, or any other Person which is not shown on the registration books of the County kept by the Paying Agent as being a Holder of Series 2002-D Warrants. The County and the Paying Agent shall have no responsibility with respect to the accuracy of any records maintained by DTC, Cede & Co. or any DTC participant with respect to any ownership interest in the Series 2002-D Warrants; the payment by DTC or any DTC participant to any beneficial owner of any amount in respect of the principal or redemption price of or interest on the Series 2002-D Warrants; the delivery to any DTC participant or any beneficial owner of any notice which is permitted or required to be given to Holders of the Series 2002-D Warrants under the Indenture; the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the Series 2002-D Warrants; or the authority for any consent given or other action taken by DTC as the Holder of Series 2002-D Warrants. The Paying Agent shall pay all principal of and premium, if any, and interest on the Series 2002-D Warrants only to Cede & Co., as nominee of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to the principal of and premium, if any, and interest on such Series 2002-D Warrants to the extent of the sum or sums so paid. Upon delivery by DTC to the Paying Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co. and direction to effect such change on the registry books maintained by the Paying Agent, the term "Cede & Co." in the Indenture shall refer to such new nominee of DTC.

(c) In the event the County determines that it is in the best interest of the beneficial owners of the Series 2002-D Warrants that they be able to obtain warrant certificates, the County may notify DTC and the Paying Agent of the availability through DTC of warrant certificates. In such event, the Paying Agent shall issue, transfer and exchange warrant certificates as requested by

DTC and any other Holders of Series 2002-D Warrants in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2002-D Warrants at any time by giving notice to the County and the Paying Agent and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the County and Paying Agent shall be obligated to deliver warrant certificates as described in the Indenture. In the event warrant certificates are issued to Holders of the Series 2002-D Warrants other than DTC, the provisions of Article V of the Original Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the County and the Paying Agent to do so, the County and the Paying Agent will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2002-D Warrants to any DTC participant having Series 2002-D Warrants credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2002-D Warrants.

(d) Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 2002-D Warrant is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Series 2002-D Warrant and all notices with respect to such Series 2002-D Warrant shall be made and given to DTC as provided in the Representation Letter to be signed by the County and the Paying Agent on or prior to the date of issuance and delivery of the Series 2002-D Warrants and accepted by DTC. Without limitation of the foregoing, so long as any Series 2002-D Warrant is registered in the name of Cede & Co., as nominee of DTC, the Paying Agent shall send a copy of any notice of redemption by overnight delivery not less than thirty (30) days before the redemption date to DTC, but such mailing shall not be a condition precedent to such redemption and failure to so mail any such notice (or failure of DTC to advise any DTC participant, or any DTC participant to notify the beneficial owner, of any such notice or its content or effect) shall not affect the validity of the proceedings for the redemption of the Series 2002-D Warrants.

(e) In connection with any notice or other communication to be provided to Holders of the Series 2002-D Warrants pursuant to the Indenture by the County or the Paying Agent with respect to any consent or other action to be taken by Holders of the Series 2002-D Warrants, so long as any Series 2002-D Warrant is registered in the name of Cede & Co., as nominee of DTC, the County or the Paying Agent, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

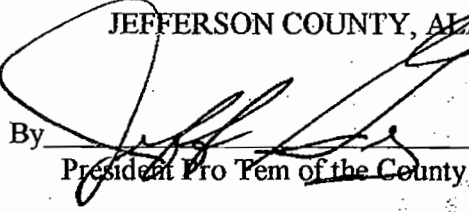
(f) In the event of any inconsistency between the provisions of this Section 5.5 and any other provision of the Indenture or the forms of Series 2002-D Warrants, the provisions of this Section 5.5 shall govern so long as warrant certificates have not been issued to the Holders of the Series 2002-D Warrants other than DTC in accordance with Section 5.5(c) hereof.

Section 5.6 Tax Covenants. The County recognizes that the Holders of the Series 2002-D Warrants from time to time will have accepted them on, and paid therefor a price which reflects, the understanding that interest on the Series 2002-D Warrants is excluded from gross income for federal income tax purposes under the laws in force at the time the Series 2002-D Warrants shall have been delivered. In this connection the County covenants (i) that it will not take any action or omit to take any action if the taking of such action or the failure to take such action, as the case may be, will result in the interest on any of the Series 2002-D Warrants becoming includable in gross income for purposes of federal income taxation; (ii) that it will use the "proceeds" of the Series 2002-D Warrants and any other funds of the County in such a manner that the use thereof, as reasonably expected by the County at the time of issuance of the Series 2002-D Warrants, will not cause the Series 2002-D Warrants to be "arbitrage bonds" under Section 103(b)(2) and Section 148 of the Code and the regulations thereunder and (iii) that it will satisfy the requirements of Section 148(f) of the Code and the applicable regulations thereunder. The County further covenants and agrees that it will not permit at any time any "proceeds" of the Series 2002-D Warrants or any other funds of the County to be used, directly or indirectly, in a manner which would result in any Series 2002-D Warrant being classified as a "private activity bond" within the meaning of Section 141(a) of the Code. The officers and employees of the County shall execute and deliver from time to time, on behalf of the County, such certificates, instruments and documents as shall be deemed necessary or advisable to evidence compliance by the County with said Section 103(b)(2) and Section 148 and the regulations thereunder with respect to the use of the proceeds of the Series 2002-D Warrants. Such certificates, instruments and documents may contain such stipulations as shall be necessary or advisable in connection with the stated purpose of this section and the foregoing provisions hereof, and the County hereby covenants and agrees to comply with the provisions of any such stipulations throughout the term of the Series 2002-D Warrants.

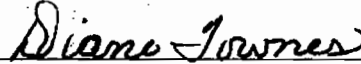
Section 5.7 Article and Section Captions. The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

IN WITNESS WHEREOF, the County has caused this Seventh Supplemental Indenture to be executed in its name and behalf by the President Pro Tem of the Governing Body, has caused its official seal to be hereunto affixed and has caused this Seventh Supplemental Indenture to be attested by the Minute Clerk of the Governing Body, and the Trustee has caused this Seventh Supplemental Indenture to be executed in its corporate name and behalf, has caused its corporate seal to be hereunto affixed and has caused this Seventh Supplemental Indenture to be attested, by its duly authorized officers, all in ten (10) counterparts, each of which shall be deemed an original; and the County and the Trustee have caused this Seventh Supplemental Indenture to be dated as of November 1, 2002, although actually executed and delivered on November 8, 2002.

JEFFERSON COUNTY, ALABAMA

By 
President Pro Tem of the County Commission

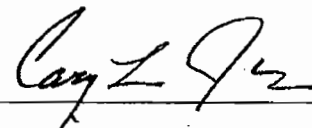
ATTEST:


Minute Clerk of the
County Commission

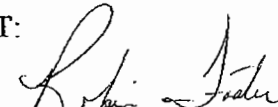
[SEAL]

THE BANK OF NEW YORK, as Successor Trustee
under the Trust Indenture of Jefferson County,
Alabama, dated as of February 1, 1997

By: The Bank of New York Trust Company
of Florida, N.A., Its Agent

By 
Its VICE PRESIDENT

ATTEST:


Its ASSISTANT TREASURER

[SEAL]

STATE OF ALABAMA)

JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that Jeff Germany, whose name as President Pro Tem of the County Commission of JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the within instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said county.

GIVEN under my hand and official seal of office, this 8th day of November, 2002.

[NOTARIAL SEAL]

Maureen McDermott

Notary Public

My Commission Expires: 7-24-04

STATE OF ALABAMA)

JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that CHRY L JONES, whose name as VICE PRESIDENT of THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., a national banking association acting as agent for THE BANK OF NEW YORK, a New York banking corporation acting in its capacity as Trustee under the Trust Indenture of Jefferson County, Alabama, dated as of February 1, 1997, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the within instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said banking association in its capacity as the agent of the Trustee as aforesaid.

GIVEN under my hand and official seal of office, this 8th day of November, 2002.

[NOTARIAL SEAL]

Maureen McDermott

Notary Public

My Commission Expires: 7-24-04

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EIGHTH SUPPLEMENTAL INDENTURE

between

JEFFERSON COUNTY, ALABAMA

and

THE BANK OF NEW YORK

Dated as of January 1, 2003

Relating to

\$41,820,000

JEFFERSON COUNTY, ALABAMA

**Sewer Revenue Refunding Warrant
Series 2003-A**

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between
JEFFERSON COUNTY, ALABAMA
and
THE BANK OF NEW YORK

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EIGHTH SUPPLEMENTAL INDENTURE between **JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (herein called the "County"), and **THE BANK OF NEW YORK**, a New York banking corporation and the successor to AmSouth Bank of Alabama in the capacity of trustee under that certain Trust Indenture of the County dated as of February 1, 1997 (said banking corporation in such capacity, as well as any successor trustee under said Trust Indenture, being herein called the "Indenture Trustee"),

RECITALS

Under and pursuant to the provisions of the aforesaid Trust Indenture (herein called the "Original Indenture"), the County has heretofore issued \$211,040,000 principal amount of Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997 (herein called the "Series 1997-A Warrants"), \$48,020,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997 (herein called the "Series 1997-B Warrants"), which are now outstanding in the principal amount of \$10,805,000, and \$52,880,000 principal amount of the Taxable Sewer Revenue Refunding Warrant, Series 1997-C, dated February 15, 1997 (herein called the "Series 1997-C Warrant"), which is now outstanding in the principal amount of \$41,820,000. The Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrant were issued to refund certain indebtedness of the County that had been incurred to pay the costs of certain capital improvements to the County's sanitary sewer system (herein called the "System").

Under the provisions of Article X of the Original Indenture, the County reserved the right to issue, upon compliance with the conditions precedent set forth in said Article X, additional warrants, bonds, notes or other forms of indebtedness (herein called "Additional Parity Securities"), to be secured on a parity with securities previously issued under the Original Indenture, for the purposes of refunding any outstanding obligations of the County issued to finance capital improvements to the System and for financing the costs of acquiring and constructing capital improvements to the System. The County has heretofore issued as Additional Parity Securities (a) its \$296,395,000 aggregate principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997 (herein called the "Series 1997-D Warrants"), which are now outstanding in the principal amount of \$115,740,000, (b) its \$952,695,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999 (herein called the "Series 1999-A Warrants"), which are now outstanding in the principal amount of \$506,910,000, (c) its \$275,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001 (herein called the "Series 2001-A Warrants"), which are now outstanding in the principal amount of \$176,840,000, (d) its \$110,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 6, 2002 (herein called the "Series 2002-A Warrants"), (e) its \$540,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-B, dated September 1, 2002 (herein called the "Series 2002-B Warrants"), (f) its \$839,500,000 aggregate principal amount of Sewer Revenue Refunding Warrants, Series 2002-C, dated October 25, 2002 (herein called the "Series 2002-C Warrants") and (g) its \$475,000,000 aggregate principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-D, dated November 1, 2002 (herein called the "Series 2002-D Warrants") (collectively, the "Prior Additional Parity Securities"). Such series of Additional Parity

Securities have been issued under the Original Indenture, as supplemented and amended by the First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), the Second Supplemental Indenture dated as of March 1, 1999 (herein called the "Second Supplemental Indenture"), the Third Supplemental Indenture dated as of March 1, 2001 (herein called the "Third Supplemental Indenture"), the Fourth Supplemental Indenture dated as of February 1, 2002 (herein called the "Fourth Supplemental Indenture"), the Fifth Supplemental Indenture dated as of September 1, 2002 (herein called the "Fifth Supplemental Indenture"), the Sixth Supplemental Indenture dated as of October 1, 2002 (herein called the "Sixth Supplemental Indenture") and the Seventh Supplemental Indenture dated November 1, 2002 (herein called the "Seventh Supplemental Indenture"), between the County and the Trustee.

The County proposes to sell and issue the Series 2003-A Warrant hereinafter referred to in connection with the refinancing of a portion of the County's outstanding indebtedness and the cancellation of the Series 1997-C Warrant. The County has, by proper official action and pursuant to the provisions of the Original Indenture (as heretofore supplemented), duly authorized said Series 2003-A Warrant, which is to be secured by the Original Indenture, as supplemented hereby and by the First, Second, Third, Fourth, Fifth, Sixth and Seventh Supplemental Indentures (collectively, the "Indenture"), on a parity with the outstanding Series 1997-A Warrants, Series 1997-B Warrants, Series 1997-C Warrant (which is to be purchased for cancellation with the proceeds of the Series 2003-A Warrant), Series 1997-D Warrants, Series 1999-A Warrants, Series 2001-A Warrants, Series 2002-A Warrants, Series 2002-B Warrants, Series 2002-C Warrants, and the Series 2002-D Warrants (herein together called the "Outstanding Parity Securities"). This Eighth Supplemental Indenture has been executed and delivered in order to specify the details with respect to said Series 2003-A Warrant and to provide for certain other matters set forth herein.

NOW, THEREFORE, THIS

EIGHTH SUPPLEMENTAL INDENTURE

WITNESSETH:

It is hereby agreed among the County, the Indenture Trustee and the holders at any time of said Series 2003-A Warrant (the holders of said warrant evidencing their consent hereto by the acceptance of said warrant), each with each of the others, as follows:

ARTICLE I

DEFINITIONS, FINDINGS AND USE OF PHRASES

Section 1.1 New Definitions. Unless the context clearly indicates a different meaning, the following words and phrases, as used in this Eighth Supplemental Indenture, shall have the following respective meanings:

"ADEM" means Alabama Department of Environmental Management, a department of government of the State of Alabama created pursuant to Title 22, Chapter 22A of the Code of Alabama 1975.

"Authority" means Alabama Water Pollution Control Authority, a public corporation organized and existing under the laws of the State of Alabama.

"Authority Bonds" means the Authority's Revolving Fund Loan Refunding Bonds, Series 2003-B, dated January 1, 2003 and originally issued in the aggregate principal amount of \$52,650,000.

"Authority Indenture" means the Trust Indenture from the Authority to the Authority Trustee dated as of January 1, 2003, pursuant to which the Authority Bonds were issued.

"Authority Loan" means the loan made to the County by the Authority, the repayment of which is evidenced by the Series 2003-A Warrant.

"Authority Trustee" means J.P. Morgan Trust Company, National Association, Birmingham, Alabama, in its capacity as registrar, transfer agent and paying agent with respect to the Authority Bonds, and any successor thereto.

"Authority Trustee Prime Rate" means the rate of interest established (whether or not charged) from time to time by JPMorgan Chase Bank as its general reference rate of interest, after taking into account such factors as JPMorgan Chase Bank may from time to time deem appropriate in its sole discretion (it being understood, however, that JPMorgan Chase Bank may from time to time make various loans at rates of interest having no relationship to such general reference rate of interest).

"County" means Jefferson County, Alabama, a political subdivision of the State of Alabama, and includes its successors and assigns.

"County Commission" means the governing body of the County.

"Eighth Supplemental Indenture" means this Eighth Supplemental Indenture.

"Fiscal Year" means a fiscal year of the County, being an annual period beginning on October 1 of each calendar year and ending on September 30 of each ensuing calendar year.

"Holder" means the person in whose name the Series 2003-A Warrant is registered on the registry book of the Indenture Trustee pertaining to the Series 2003-A Warrant.

"Interest Payment Date" means each February 15 and August 15, commencing February 15, 2003.

"Loan Amount" has the meaning given in the Special Conditions Agreement.

"Minute Clerk" means the Minute Clerk of the County.

"President" means the President of the County Commission.

"Redemption Date" means any date designated by the County for redemption of the Series 2003-A Warrant, in whole or in part, in accordance with Section 2.3 hereof.

"Redemption Price" means the price at which the Series 2003-A Warrant may be redeemed.

"Resolution" means a resolution adopted by the County Commission.

"Series 1997-C Warrant" means the County's Taxable Sewer Revenue Refunding Warrant, Series 1997-C, dated February 15, 1997 and originally issued in the aggregate principal amount of \$52,880,000.

"Series 2003-A Warrant" means the County's Sewer Revenue Refunding Warrant, Series 2003-A, authorized to be issued in the aggregate principal amount of \$41,820,000.

"Special Conditions Agreement" means the Special Authority Loan Conditions Agreement among the County, the Authority and ADEM, dated as of January 1, 2003.

Section 1.2 Findings. The County Commission has ascertained and does hereby find and declare as follows:

(a) Purposes for which Additional Parity Securities may be Issued. In the Original Indenture, the County has reserved the right to issue, upon compliance with the conditions precedent set forth therein, additional warrants, bonds, notes or other obligations that are secured on a parity with the Outstanding Parity Securities, as respects the pledge of the revenues derived by the County from the operation of the System, for the purposes of financing the costs of constructing or acquiring any System Improvements and refunding or retiring all or any portion of any one or more series of Parity Securities then outstanding under the Indenture or any other obligations of the County issued to finance System Improvements.

(b) Purpose of the Series 2003-A Warrant. The County Commission deems it necessary, desirable and in the public interest that the County obtain the Authority Loan for the purpose of providing funds to purchase the County's Series 1997-C Warrant for cancellation. In order to evidence the repayment of the Authority Loan by the County to the Authority, the County deems it necessary, desirable and in the public interest that the Series 2003-A Warrant hereinafter authorized be issued for the purpose of evidencing the debt of the County to the Authority.

(c) No Default. No Event of Default and no event which, with the giving of notice or the passage of time or both, would constitute such an Event of Default, has occurred and is continuing.

(d) Parity Securities Previously Issued. No Additional Parity Securities, other than the Prior Additional Parity Securities, have heretofore been issued by the County under the Indenture, and the County now has no outstanding obligations payable from the revenues derived by the County

from the operation of the System except the Outstanding Parity Securities and certain related Qualified Swap transactions.

(e) **Revenue Certificate.** The County's Director of Finance has provided the County and the Indenture Trustee with a certificate (the "Certificate") that satisfies the requirements of Section 5.7 of the Fifth Supplemental Indenture with respect to the issuance of the Series 2003-A Warrant.

Section 1.3 Use of Phrases. "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to this Eighth Supplemental Indenture as an entirety and not solely to the particular portion thereof in which any such word is used. The terms used herein include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

Section 1.4 Definitions Contained in the Original Indenture. Unless the context clearly indicates a different meaning, any words, terms or phrases that are used in this Eighth Supplemental Indenture as defined terms without being herein defined shall have the meanings respectively given them in the Original Indenture (subject to any amendments thereto made herein or in the First, Second, Third, Fourth, Fifth, Sixth or Seventh Supplemental Indenture).

Section 1.5 References to the Parity Securities and the Indenture. The County and the Indenture Trustee acknowledge and agree that, from and after the issuance by the County of the Series 2003-A Warrant, any reference in the Original Indenture, in the First Supplemental Indenture, in the Second Supplemental Indenture, in the Third Supplemental Indenture, in the Fourth Supplemental Indenture, in the Fifth Supplemental Indenture, in the Sixth Supplemental Indenture, in the Seventh Supplemental Indenture or in this Eighth Supplemental to the "Parity Securities" shall, unless the context clearly and unequivocally indicates otherwise, be construed to include the Outstanding Parity Securities, the Series 2003-A Warrant and any Additional Parity Securities hereafter issued.

The County and the Indenture Trustee further acknowledge and agree that, from and after the execution and delivery of this Eighth Supplemental Indenture, any reference in the Original Indenture, in the First Supplemental Indenture, in the Second Supplemental Indenture, in the Third Supplemental Indenture, in the Fourth Supplemental Indenture, in the Fifth Supplemental Indenture, in the Sixth Supplemental Indenture, in the Seventh Supplemental Indenture or in this Eighth Supplemental Indenture to the "Indenture" shall, unless the context clearly and unequivocally indicates otherwise, be construed to refer to the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture and this Eighth Supplemental Indenture. The provisions of the Original Indenture, to the extent they are not inconsistent with the provisions hereof, shall also apply to this Eighth Supplemental Indenture.

ARTICLE II

THE SERIES 2003-A WARRANT

Section 2.1 Authority Loan and Issuance of Series 2003-A Warrant. (a) Authority Loan Made and Accepted. In consideration of the mutual promises made in the Special Conditions Agreement, in this Eighth Supplemental Indenture and in the Series 2003-A Warrant, and subject to the terms and conditions of each thereof, the County, by the delivery of the Series 2003-A Warrant, accepts the Authority Loan that the Authority has, upon delivery to it of the Series 2003-A Warrant, made available in the Loan Amount, in the manner and to the extent specified in the Special Conditions Agreement.

(b) Authorization and Description of the Series 2003-A Warrant. For the purpose of evidencing repayment of the Authority Loan made to the County by the Authority, there is hereby authorized to be issued under the Indenture one fully registered Sewer Revenue Refunding Warrant, Series 2003-A, in the aggregate principal amount of \$41,820,000. The Series 2003-A Warrant shall be dated January 8, 2003 and shall mature and become payable on February 15 in the following principal installments in the following years:

| Year (February 15) | Principal |
|-----------------------|-------------|
| 2003 | \$2,495,000 |
| 2004 | 2,595,000 |
| 2005 | 2,705,000 |
| 2006 | 2,815,000 |
| 2007 | 2,935,000 |
| 2008 | 3,055,000 |
| 2009 | 3,180,000 |
| 2010 | 3,310,000 |
| 2011 | 3,450,000 |
| 2012 | 3,590,000 |
| 2013 | 3,740,000 |
| 2014 | 3,895,000 |
| 2015 | 4,055,000 |

The Series 2003-A Warrant shall be issued pursuant to the Constitution and laws of the State of Alabama, including particularly Chapter 28 of Title 11 of the Code of Alabama 1975, as amended. The Series 2003-A Warrant shall be initially issued as a single warrant in an authorized denomination (\$5,000 or any integral multiple thereof) and registered in the name of the Authority.

(c) Appointment of Paying Agent for the Series 2003-A Warrant. The County hereby appoints the Indenture Trustee as Paying Agent with respect to the Series 2003-A Warrant, and the Indenture Trustee hereby accepts such appointment. In so acting, the Indenture Trustee shall continue to be entitled to the benefits and protections of Article XIV of the Original Indenture, regardless of whether acting in its role as Indenture Trustee or as Paying Agent. In its execution of this Eighth Supplemental Indenture and other documents related to the Series 2003-A Warrant, the

Indenture Trustee shall be deemed to be acting in the capacity of both Indenture Trustee and Paying Agent, regardless of whether or not expressly so stated.

Section 2.2 (a) Interest Rate and Method of Payment of Principal and Interest. The Series 2003-A Warrant shall bear interest from August 15, 2002 until the respective maturities of the installments of principal at the rate of 3.10% per annum (computed on the basis of a 360 day year of twelve consecutive 30-day months). Such interest shall be payable semiannually on each February 15 and August 15, commencing February 15, 2003 until and at the final maturity of the Series 2003-A Warrant. Payment of the principal of and interest on the Series 2003-A Warrant shall be payable in lawful money of the United States of America by check or draft mailed by the Indenture Trustee to the lawful Holder of the Series 2003-A Warrant at the address shown on the registry books of the Indenture Trustee pertaining to the Series 2003-A Warrant; provided, that so long as the Authority is the registered Holder of the Series 2003-A Warrant, payment of the principal of and the interest on the Series 2003-A Warrant shall be made by the Indenture Trustee to the Authority in accordance with directions given to the Indenture Trustee by the Authority. The final principal payment shall be made by the Indenture Trustee only upon presentation of the original Series 2003-A Warrant to the Indenture Trustee for cancellation. Interest on the Series 2003-A Warrant shall be deemed timely paid if mailed to then registered holder on or before the interest payment date with respect to which such payment is made or, if such interest payment date is not a business day, then on or before the first business day following such interest payment date. All payments by the County or the Indenture Trustee to the person in whose name the Series 2003-A Warrant is registered shall to the extent thereof fully discharge and satisfy all liability for the same. Any transferee of the Series 2003-A Warrant shall take said warrant subject to all payments of principal and interest in fact made with respect thereto.

(b) Interest Rate and Loan Amount after Maturity. Each installment of principal and interest on the Series 2003-A Warrant shall bear interest from its due date until paid at a per annum rate of interest equal to 2% above the Authority Trustee Prime Rate, such interest to be computed daily. In addition, in the event that it shall be necessary for the Authority to withdraw moneys on deposit in the Bond Proceeds Account of the Debt Service Reserve Fund created (and as defined) in the Authority Indenture in order to prevent a default in the payment of the Authority Bonds as a result of the default on the part of the County in the payment of any amount due hereunder, the amount so withdrawn by the Authority from the Bond Proceeds Account of the Debt Service Reserve Fund shall be added to the amount of the Authority Loan and shall bear interest until paid at the Authority Trustee Prime Rate or the maximum rate permitted by law, whichever is less.

Section 2.3 Redemption Provisions. The principal installments of the Series 2003-A Warrant shall be subject to redemption and prepayment at the option of the County, prior to their respective maturities, as a whole or in part, on any date, in inverse order of the maturities of the principal installments, at and for a redemption price equal to the principal amount redeemed plus accrued interest thereon to the redemption date selected by the County. Any redemption or prepayment of the Series 2003-A Warrant shall be effected in the manner provided in Article VI of the Original Indenture.

Section 2.4 Form of Series 2003-A Warrant. The Series 2003-A Warrant and the Indenture Trustee's Authentication Certificate applicable thereto shall be in substantially the

following form, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof.

UNITED STATES OF AMERICA
STATE OF ALABAMA

JEFFERSON COUNTY, ALABAMA

SEWER REVENUE REFUNDING WARRANT, SERIES 2003-A

Jefferson County, Alabama, a political subdivision of the State of Alabama (the "Issuer"), for value received, hereby acknowledges that it is indebted to, and hereby orders the County Treasurer to pay to, Alabama Water Pollution Control Authority (the "Authority"), or registered assigns, solely out of the revenues hereinafter referred to, in the principal sum of

FORTY-ONE MILLION EIGHT HUNDRED TWENTY THOUSAND DOLLARS
(\$41,820,000)

in principal installments on February 15 in the following respective years and principal amounts:

| Year (February 15) | Principal |
|-----------------------|-------------|
| 2003 | \$2,495,000 |
| 2004 | 2,595,000 |
| 2005 | 2,705,000 |
| 2006 | 2,815,000 |
| 2007 | 2,935,000 |
| 2008 | 3,055,000 |
| 2009 | 3,180,000 |
| 2010 | 3,310,000 |
| 2011 | 3,450,000 |
| 2012 | 3,590,000 |
| 2013 | 3,740,000 |
| 2014 | 3,895,000 |
| 2015 | 4,055,000 |

with interest on the then unpaid principal balance hereof from August 15, 2002 at the rate of 3.10% per annum, first payable on February 15, 2003, and on each August 15 and February 15 thereafter.

Principal and interest on this Warrant are payable in lawful money of the United States of America by check or draft mailed by The Bank of New York (the "Trustee"), to the then registered holder hereof at the address shown on the registry books of the Trustee pertaining to this Warrant; provided, that so long as the Authority is the registered holder of this Warrant, the payments of principal of and interest on this Warrant shall be made in accordance with directions given to the Trustee by the Authority. Notwithstanding anything to the contrary herein, the final payment of principal with respect to this Warrant shall be made by the Trustee only upon presentation of this Warrant to the Trustee for cancellation. Interest on this Warrant shall be deemed timely paid if mailed to the then registered holder on or before the interest payment date with respect to which such payment is made or, if such interest payment date is not a business day, then on or before the first business day following such interest payment date. The Eighth Supplemental Indenture provides that all payments by the Issuer or the Trustee to the person in whose name this Warrant is registered shall to the extent thereof fully discharge and satisfy all liability for the same. Any transferee of this Warrant takes it subject to all payments of principal and interest in fact made with respect hereto.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$41,820,000 and designated Sewer Revenue Refunding Warrant, Series 2003-A (herein called the "Warrant"). The Warrant has been issued, on a parity with the Outstanding Parity Securities hereinafter referred to, under a Trust Indenture dated as of February 1, 1997 (herein called the "Original Indenture"), between the Issuer and The Bank of New York, Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (herein called the "First Supplemental Indenture"), by a Second Supplemental Indenture dated as of March 1, 1999 (herein called the "Second Supplemental Indenture"), by a Third Supplemental Indenture dated as of March 1, 2001 (herein called the "Third Supplemental Indenture"), by a Fourth Supplemental Indenture dated as of February 1, 2002 (herein called the "Fourth Supplemental Indenture"), by a Fifth Supplemental Indenture dated as of September 1, 2002 (herein called the "Fifth Supplemental Indenture"), by a Sixth Supplemental Indenture dated as of October 1, 2002 (herein called the "Sixth Supplemental Indenture"), by a Seventh Supplemental Indenture dated as of November 1, 2002 (herein called the "Seventh Supplemental Indenture") and by an Eighth Supplemental Indenture between the Issuer and the Trustee dated as of January 1, 2003 (herein called the "Eighth Supplemental Indenture"). The Issuer has heretofore issued under the Original Indenture, as supplemented and amended by the First, Second, Third, Fourth, Fifth, Sixth and Seventh Supplemental Indentures, (i) \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, (ii) \$48,020,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997, (iii) \$52,880,000 principal amount of its Taxable Sewer Revenue Refunding Warrant, Series 1997-C (which is to be purchased for cancellation with the proceeds of the Warrant), dated February 15, 1997, (iv) \$296,395,000 principal amount of its Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997, (v) \$952,695,000 principal amount of its Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999, (vi) \$275,000,000 principal amount of its Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001, (vii) \$110,000,000